

## Do I Need to File A Return?

Many residents file a Kentucky income tax return even though their modified gross income on the return is below the filing requirement. The information below will help you to determine if you need to file a state income tax return or if you need to change your withholding so you will not have to file an unnecessary return in the future.

If you do not anticipate any tax liability for the tax year you can file Form K-4E with your employer. This is a Special Withholding Certificate Exemption that exempts you from state income tax withholding. This form needs to be filed by those individuals whose modified gross income is less than the filing requirement as indicated below. The link to access the certificate and instructions is as follows:

<http://revenue.ky.gov/NR/rdonlyres/92098386-AB24-478C-8168-C43AEF679B89/0/42A804E208.pdf>

If you were a Kentucky resident for the entire year, your filing requirement depends upon your family size, modified gross income, Kentucky adjusted gross income and income from self-employment. You must file if your modified gross income exceeds the amount in Chart A and your Kentucky adjusted gross income exceeds the amount in Chart B.

## MODIFIED GROSS INCOME AND FAMILY SIZE (Use With Chart A)

Chart A	
If Your Family Size is:	Your <i>Modified Gross Income</i> is greater than:
One.....	<i>and</i> ..... \$10,890
Two.....	<i>and</i> ..... \$14,710
Three.....	<i>and</i> ..... \$18,530
Four or More .....	<i>and</i> ..... \$22,350

**Family Size**—Consists of yourself, your spouse if married and living in the same household and qualifying children. For the purposes of computing the Family Size Tax Credit, the maximum family size is four.

**Qualifying Dependent Child**—Qualifying dependent child means a qualifying child as defined in Internal Revenue Code Section 152(c), and includes a child who lives in the household but cannot be claimed as a dependent if the provisions of Internal Revenue Code Section 152(e)(2) and 152(e)(4) apply. In general, to be a taxpayer's qualifying child, a person must satisfy four tests:

- **Relationship** The taxpayer's child or stepchild (whether by blood or adoption), foster child, sibling or stepsibling, or a descendant of one of these.
- **Residence** Have the same principal residence as the taxpayer for more than half the tax year. Federal exceptions apply.
- **Age** Must be under the age of 19 at the end of the tax year, or under the age of 24 if a full-time student for at least five months of the year, or be permanently and totally disabled at any time during the year.
- **Support** Did not provide more than one-half of his/her own support for the year.

**Modified Gross Income** – Modified gross income is the greater of federal adjusted gross income adjusted to include interest income diverted from municipal bonds (non-Kentucky) and lump-sum pension distributions not included in federal adjusted gross income; or Kentucky adjusted gross income adjusted to include lump-sum pension distributions not included in federal adjusted gross income.

## KENTUCKY ADJUSTED GROSS INCOME

(Use Chart B if Modified Gross Income is Greater Than the Amounts in Chart A)

Chart B	
If Your Filing Status is:	Your Kentucky Adjusted Gross Income is greater than:
Single Person— Under age 65.....	<i>and</i> ..... \$ 3,280
Single Person— Age 65 or over or blind.....	<i>and</i> ..... \$ 5,280
Single Person— Age 65 or over and blind.....	<i>and</i> ..... \$ 6,550
Husband and Wife— Both under age 65.....	<i>and</i> ..... \$ 4,280
Husband and Wife— One age 65 or over .....	<i>and</i> ..... \$ 5,950
Husband and Wife— Both age 65 or over .....	<i>and</i> ..... \$ 7,050

**Kentucky Adjusted Gross Income**—Kentucky adjusted gross income consists of your federal adjusted gross income plus any additions and subtractions from Kentucky Schedule M (Modifications to Federal Adjusted Gross Income).

**SELF-EMPLOYMENT INCOME**—Taxpayers with self-employment income must file a Kentucky individual income tax return regardless of the amount of Kentucky adjusted gross income used in Chart B if you have gross receipts from self-employment in excess of modified gross income for your family size in Chart A.

Even though the filing requirements are not met, an income tax return must be filed to claim a refund of Kentucky income tax withheld.

## **FREQUENTLY ASKED QUESTIONS**

**I am single, in the military and state of legal domicile is Alabama, do I have to file a Kentucky income tax return?**

Answer: If your only source of income is your military income then you do not need to file a Kentucky return. You will need to file a return in your state of legal domicile. Please refer to Administration Regulation 103 KAR 17:130 for additional guidance.

**I am a Florida resident going to college at the University of Kentucky and I earned \$8,000 of income in Kentucky, do I need to file a Kentucky tax return?**

Answer: No, you do not have a filing requirement with Kentucky because your modified gross income is not greater than \$10,890; however, you will need to file a return to claim a refund of Kentucky income tax withheld. If you presume that your income for the upcoming year will be comparable to this year's income, you may consider contacting your employer and completing form K-4E (Special Withholding Exemption Certificate). This form will allow the employer to discontinue withholding state tax from your pay. If the employer discontinues withholding taxes from your earnings, you will not have to file a Kentucky State Income Tax return. (Please be certain that you meet the criteria mentioned above to qualify for the K- 4E exemption.)

**My son is 17, he had a summer job and earned \$11,000 in 2011, does he need to file a return?**

Answer: Yes, he will need to file a 2011 tax return. His income exceeds the threshold for filing. Even if you claim the child as a dependent, Kentucky income tax law does not contain any special provisions for taxing the income of a minor child at the parent's tax rates nor the reporting of income of a child on the parent's return.

**I am 66 years old, my only income is \$32,000 of pension and \$11,000 of social security income, do I need to file a Kentucky return?**

Answer: No, you do not have to file a Kentucky return because your Kentucky adjusted gross income will be below the threshold amount given for filing a return. Kentucky allows a pension exclusion of \$41,110 and none of the Social Security income is taxable; therefore, your Kentucky adjusted gross income is \$0.

**I moved to Kentucky in May of 2011 from Alabama to attend college at Eastern Kentucky University and I made \$25,000 while in Kentucky, do I need to file a Kentucky return?**

Answer: Yes, you must file a Kentucky part-year resident return known as a 740-NP and report all income earned while in Kentucky and any other income from Kentucky sources.